

Lake Murray Watch
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August 15, 2005

Mr. James Landreth
Vice President
Fossil and Hydro Operations
South Carolina Electric & Gas
111 Research Drive
Columbia, SC 29203

Attn: Bill Argentieri

Re: Saluda River Hydro Project 516, First Stage Consultation Comments

Dear Mr. Landreth:

Lake Murray Watch is a citizens' watch dog organization committed to protecting and enhancing the lake's environmental and recreational resources. We promote and encourage public participation in the management of these important resources. This organization has been involved in most lake issues for the past 6 years including the recent review of the Land Use and Shoreline Management Plan. We sponsor a shoreline monitoring program which consist of volunteers from all areas of the lake. Members keep a watchful eye out for inappropriate clearing of protected areas, water quality concerns and safety issues. We work closely with the resources agencies, other environmental groups and the Lake Murray Homeowners Coalition.

Re-licensing will provide a unique and important opportunity for SCE&G and stakeholders to work together in a collaborative process to develop a new license plan which will serve the public's needs for the next 30 to 50 years. The process is part of a comprehensive plan to make better use of this public waterway. Lake Murray and the lower Saluda River provide tremendous recreational opportunities not only for residents of the midlands, but for citizens who travel from all over the country to enjoy the many resources this project has to offer. Likewise, the Saluda Hydro generating facility provides an extremely important public benefit to thousands of residents who depend on the facility to provide an uninterrupted flow of power to homes all across South Carolina.

In order to develop a long term plan, that will protect and enhance the environmental and recreational resources and at the same time meet SCE&G's power requirements, a comprehensive review of all aspects of current project operations and resource management must be undertaken. Considering the

scope of this project, it is difficult if not impossible to determine whether the information in the ICD, in conjunction with additional request, will be sufficient to perform that review. We anticipate that during resource meetings we will discover the need for more information in order to properly understand or clarify the complex aspects of this project. Lake Watch recommends that SCE&G provide additional information as needed throughout the remaining re-licensing process.

Issues/problems that need to be addressed.

Communications- Communication between the licensee and the lake community begs for improvement. A study should be done to determine how best to improve communication including resolving disputes and/or complaints between the licensee and the public. Additionally, more detailed and timely information needs to be made available on SCE&G's website including request for permitted uses of project resources and daily information on planned releases.

Land Use and Shoreline Management Plan-

Land Use-Project land classifications are heavily weighted towards development, with most of the protected areas located in the upper most tributaries. This represents an obvious imbalance of project resources. Since 1989, resources agencies have consistently voiced their objections to the continued sale of project lands for private use. A recent shoreline development impact study prepared by TVA concluded that the public wants its shorelines to stay natural. TVA's decision to implement a policy of "maintaining and gaining" natural areas reflects that public mandate. A similar study should be considered to determine how best to utilize the remaining project lands. The study should include a Gallup poll/survey of lake user concerns.

Shoreline Management- There are many problems with the existing shoreline plan that need to be addressed in the re-licensing process.

Permitted Uses of Project Resources:

Docks- A complete re-evaluation of dock permitting policies needs to be conducted in order to minimize impacts to shoreline resources. Current guidelines allow too large of a "footprint". For example, the permitting of large gazebos and boat lifts in addition to docks, in most cases, exceeds the 450 sq. ft. guideline and is also not consistent with new buffer requirements established to protect the project's aesthetic values. And dock permitting policies on easement lands need to be re-evaluated to better reflect the need for shoreline protection.

Commercial and private marinas- Under the current license, large multi-slip docking facilities are being permitted in confined and congested cove areas. Large marinas in these settings have negative impacts on water quality, fish and wildlife, existing

recreational uses, congestion and boating safety concerns. It also impacts property values and the quality of life of nearby residents. In 1989 a marina “siting” plan was recommended by the agencies but was not implemented. Since then, there has been public opposition to numerous applications for large docking facilities. A complete re-evaluation of current marina permitting policies is needed in order to address public concerns.

Erosion and Sedimentary Control- Erosion and sedimentary run-off have been a problem at this project for decades. Other than an attempt to re-vegetate some of the islands, little has been accomplished. The FERC recently required SCE&G to inventory the shoreline and implement an erosion and sedimentary control plan. This plan should be reviewed within the context of the comprehensive relicensing process to determine consistency with new proposals or modifications in the shoreline plan.

Excavation- Excavations are currently being allowed in the back of shallow coves, and in other areas that have important fish and wildlife habitat. We have observed that in many cases the excavations exceed the limits of the permit. Lake Watch recommends that a complete review of existing excavations policies be undertaken with the goal of limiting excavations to maintaining existing navigation channels.

Permitting application process- The application process needs to be reviewed and updated with an emphasis on providing more detailed information to the applicant regarding the use of buffer zones, including restrictions on vegetated clearing, privatization, and a clear understanding of the public’s right to use these shorelines for recreational opportunities.

Public education- Lake Watch is aware that many shoreline construction activities are being done without permits and/or the proper knowledge to comply with license requirements. We recommend that as part of re-licensing, a public education program be developed to ensure that all property owners understand and comply with the shoreline plan. This program should include educating homeowners on how to be good stewards of the lake. Lake Watch and the Lake Murray Homeowners Coalition would be more than happy to assist in developing and implementing such a program.

Buffer Zone Restoration- Several years ago DNR and US Fish and Wildlife Service surveyed numerous shorelines with buffer zones and determined that there was a substantial amount of inappropriate clearing. In the FERC’s June 23, 2004 order approving a new shoreline plan, the Commission ordered SCE&G to develop a restoration plan for those areas. As of yet, the plan has not been completed or implemented. This issue has not been resolved and should be reviewed as part of the relicensing process.

Operations- Operations under the current license scheme is negatively impacting the recreational and environmental resources of the project. Low lake levels restrict recreation, erode the shoreline, and create boating safety concerns. Discharges downstream impact recreation, water quality, and public safety. A complete and detailed

analysis of the existing operational scheme needs to be conducted in order to provide the appropriate data to development a plan to manage the resources for the next 30-50 years.

Recreation- Recreation is probably the most important public benefit of this project. And as population grows, recreational demands on the project's resources will increase. The current land use plan will severely restrict future recreational opportunities for the general public. An assessment needs to be made to determine how much land needs to be protected as natural areas for public use or for developed recreational sites. A study should be prepared to determine and quantify the existing recreational uses and also to determine future needs and how best to plan to meet those needs.

Water Quality- Lake Murray and the lower Saluda River are currently experiencing water quality problems. These problems are in part due to project operations and past management practices. DHEC's most recent water quality assessment indicates that 8 out of the 14 water quality monitoring stations in Lake Murray are on the 303d list for impaired conditions. In order to determine how best to manage the lake and the lower Saluda River for the next 30 to 50 years, Lake Watch recommends that an "Assimilative Capacity Assessment" be performed, focusing on non-point source pollution in creek and cove areas.

Specific Comments

7.3.1 Typical Operations-

SCE&G indicates that Saluda Hydro is being used for "reserved capacity". Lake Watch would like for SGE&G to provide a clear distinction between past operations as a peaking facility and Saluda's new role as a reserve capacity facility. Additionally we would like SCE&G to explain in detail how other company owned hydro electric facilities are use in conjunction with Saluda to meet "system requirements". Additionally we request a more detailed explanation of what an emergency is. For instance, does this include sudden increases of loads on the system. And how does SCE&G plan on dealing with "load following" or plant maintenance.

In order to better understand SCE&G's obligations to VACAR, more detailed information is needed. We request that SCE&G explain in detail what the "cooperative agreement" entails and provide past records where Saluda Hydro was used to meet grid obligations. Additionally we would like to know how SCE&G benefits from this "contractual" reserve obligation. i.e. What does this project get in return for providing 200 megawatts of stand by power in the reserve sharing agreement?

SCE&G is currently publishing a weekly generation report. The report needs to include more detailed information including times of emergency use and grid obligations. This information is necessary in order for stakeholders to evaluate SCE&G's need to operate in the reserve capacity mode. We recommend that this report be included on the re-licensing website.

7.3.1.2 Flood Control Operations

SCE&G indicates that Saluda Hydro is not operated as a flood control reservoir. But SCE&G is concerned about lake elevations and downstream flows during certain weather conditions. It is our understanding that SCE&G uses information from a weather model in planning daily operations to ensure that reservoir levels are maintained at some appropriate level. We recommend that SCE&G provide information on the weather model and how the Company uses the information to determine the need to control lake levels. In addition we ask SCE&G to explain in detail what criteria is used to determine what levels are appropriate for any given situation.

A part of operations is the possible need to open up the flood control gates. The ICD does not provide information to describe under what conditions or criteria the flood gates would be used or does it specific any FERC regulations that applies to the use of the flood gates. Lake Watch request that SCE&G provide detailed information on potential flood gate operations. A summary of the “Probable Maximum Flood Study” would be helpful for stakeholders to better understand this issue.

7.3.3 Project Operations during a New License Term

SCE&G indicates that it intends to use Saluda Hydro as a reserve capacity facility. In order to fully understand SCE&G’s need to operate in this capacity, Lake Watch recommends that SCE&G conduct a study and/or provide a model which can be used to determine impacts to the project resources from this operational scheme. The model or study should cover a wide range of scenarios possible under this type of operational plan.

7.4.0 Project Safety

Project safety as it relates to operations has been a concern for years. Low lake elevations negate the usefulness of shoal and hazard marker buoys which are positioned to warn of hazards during summer elevations. This problem can be avoided if elevations are maintained at a higher level. SCE&G’s new operation plan most likely will result in higher winter levels. If so, this will solve this upstream issue. But large releases down stream continue to pose a threat to recreational users. We support modifying the use of Saluda Hydro to ensure protection of recreational users in the lower Saluda River.

7.4.2 Back-Up Dam

The back up dam is clearly a new fixture in the project. It is not clear how the new dam might change certain aspects of the project. For instance, with the added safety feature, it could affect lake level maintenance, allowing more free board during operations. We recommend that SCE&G provide any information on the new back up dam that may impact project operations and resource management.

7.4.3 Warning System

The current warning system in the lower Saluda River is inadequate. If it is determined that large releases are eminent, then a complete new system needs to be installed that covers the entire recreational area including the portion where the Saluda and Broad converge.

9.0 Water Quality

Water quality data in the ICD does not accurately reflect conditions in the lake. Data that is collected from stations in the main body of the lake do not reflect conditions in coves and creek areas. We recommend that a study/model be performed in typical cove and creek areas to provide the necessary information to address future project operations and resource management impacts. Of special concern is non-point source pollution including cumulative impacts from shoreline development. We are concerned about storm water run-off from large subdivisions entering the lake, across project lands via large conduits, drainage ditches, and stream influxes. These type storm water systems represent point sources discharges and need to be addressed in the re-licensing process. Additionally, in order to address impaired conditions in the upper lake and tributaries we recommend that SCE&G perform TMDL's for those areas. Finally under the advice of the US Geological Survey, we recommend that an "Assimilative Capacity Assessment" be completed. This information is necessary in order to properly manage these resources for the next 30 to 50 years.

11.1 Botanical Resources- Upland habitat

This section fails to note that "future development" lands represent important botanical resources of the project. It is estimated that over 100 miles of shoreline is in this classification. The FERC indicated in the new approved shoreline plan that "re-balancing" is needed and the appropriate place is re-licensing. An interagency review of undeveloped project lands resulted in a recommendation by DNR to protect all shorelines which have high natural resource values. This information was presented to SCE&G over 2 years ago. We request that SCE&G prepare a map of all existing land uses and include areas that agencies recommend for protection.

12.0 Wildlife Resources

SCE&G indicates in this section that ,” Although the Lake Murray Shoreline continues to undergo development, the project area contains extensive habitats that support diverse and abundant wildlife populations.”

Lake Watch takes issue with this assessment. While this may true for forest management lands in the upper tributaries, it does not represent conditions in the lower to upper mid-lake areas. For over fifteen years, resource agencies have complained that continued development is depleting these important resources. We recommend that a study be prepared to provide information on all existing upland habitat areas and the amount of wildlife in specific lake zones. Wildlife areas should be identified on land use maps..

15.1 Existing Land Use

This section does not provide stakeholders with enough information to evaluate existing and future land use designations. We recommend that an updated land use map be provided which will give a visual accounting and thus a better perspective of where existing land uses are located around the lake.

15.2 Aesthetic Values

Lake Watch does not believe information in this section accurately reflects current aesthetic characteristics. Over 400 miles of Lake Murray's shoreline have been sold down to the 360 contour and most of this has been or will be developed. Another 110 miles is in future development. Lake Watch estimates that 95% of the lake will be developed between the dam and the highway 391 bridges if current land use designations are not changed. Development has a tremendous impact on the aesthetic resources. We recommend that a study be considered to evaluate the existing aesthetic resources.

Additional Information and Studies

Lake Watch request the following information and studies:

Information that explains in detail SCE&G's weather modeling and how the company uses weather predictions in managing lake levels. Information or a summary in layman's terms on the probable maximum flood occurrence and how SCE&G uses this information in managing lake levels.

A shoreline development impact study

Safety- Studies should be done to determine how and if project operations can be changed to better protect public safety.

Information on other SCE&G owned hydro electric generating resources and how these facilities interact with Saluda Hydro operations.

A quantitative analysis of existing recreational uses and a build out study to determine future recreational needs.

Information on minimum flow requirements for downstream industries

Information or a study to determine reservoir evaporation rates and its affect on operations and lake levels.

An assessment and explanation of SCE&G's responsibilities as stated in the standard license articles.

Information regarding FERC requirements and/or restrictions relating to the use of flood gates. Information on impacts from using flood gates.

Information from the existing license which sets parameters for reservoir levels.

A study to determine any existing legal obligations which might exclude certain aspects of the project from the re-licensing process.

A copy of the VACAR agreement

A financial breakdown of revenues SCE&G receives from permits and marina fees and the sale of project lands. This information will be necessary in order to evaluate any recommendations to increase residential permitting fees.

A report on revenues paid to the FERC for administrative services.

Lake Watch has been looking forward to this opportunity for many years. Our goal is to work with SCE&G and other stakeholders to develop a new license plan that will be acceptable to all parties. We look forward to working with SCE&G throughout this process.

Sincerely,

Steve Bell
President